

## **REMARKS**

Claims 1 – 3 and 5 – 20 are in the application. Claims 1, 2, 3, and 17 – 19 are currently amended; claim 4 is canceled; claims 9 – 16 are withdrawn; and claims 5 – 8 remain unchanged from the original versions thereof. Claims 1 and 17 – 19 are the independent claims herein.

No new matter has been added to the application as a result of the amendments submitted herewith. Reconsideration and further examination are respectfully requested.

### **Claim Rejections – 35 USC § 112**

Claims 2, 3, and 17 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claims 2 and 17 are currently amended to delete the offending term, “low risk option”. Therefore, Applicant respectfully requests the reconsideration and withdrawal of the rejection to claims 2 and 17 under 35 USC 112, second paragraph.

Claim 3 is also currently amended. Applicant respectfully submits that claim 3 at least now overcomes the 35 USC 112 rejection of record. Applicant therefore respectfully requests the reconsideration and withdrawal of the rejection to claim 3 under 35 USC 112, second paragraph.

### **Claim Rejections – 35 USC § 101**

Claims 1 and 17 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. This rejection is traversed.

Claims 1 and 17 are currently amended to clearly recite “useful, concrete, and tangible” subject matter that results in a practical application. In particular, claims 1 and

17 relate to calculating an efficient frontier between the first and the second investment options, the efficient frontier defining a plurality of risks and corresponding returns on investment for the financial product, the financial product selected from the group consisting of a lease, a loan, and an extension of credit; and determining whether to approve an application for the financial product based on the calculated efficient frontier between the first and second investment options.

Applicant respectfully submits that the recited aspects of calculating and determining whether to approve an application for the financial product based on the calculated efficient frontier between the first and second investment options is a useful, concrete, and tangible result. Accordingly, Applicant respectfully submits that claims 1 and 17 in fact provide a practical application.

Applicant therefore respectfully requests the reconsideration and withdrawal of the rejection to claims 1 and 17 under 35 USC 101.

### **Claim Rejections – 35 USC § 103**

Claims 1 – 5, 7 – 8, and 17 – 19 are rejected under 35 USC 103(a) as being unpatentable over Hammer's book, *Dynamic Asset Allocation*. This rejection is traversed.

Claim 1 relates to a method of matching a level of risk to an expected return for a financial product. The method includes selecting a first and a second investment option, selecting a duration, calculating a risk and a corresponding return on investment for each of the investment options based on the duration where the second investment option having a risk greater than the first investment option. The method further includes calculating an efficient frontier between the first and second investment options, the efficient frontier defining a plurality of risks and corresponding expected returns on investment for the financial product, the financial product selected from the group consisting of a lease, a loan, and an extension of credit; and determining whether

to approve an application for the financial product based on the calculated efficient frontier between the first and second investment options.

Claims 17 – 19 claim aspects similar to claim 1. In particular, it is noted that claims 1 and 17 – 19 all relate to a financial product that is selected from the group consisting of a lease, a loan, and an extension of credit and further to determining whether to approve an application for the financial product based on the calculated efficient frontier between the first and second investment options. Also, the second investment option of the subject claims has a risk greater than the first investment option and a calculable return on investment for a calculable risk.

The cited and relied upon Hammer discloses a method of choosing an optimal portfolio of mixed assets. The portfolio disclosed includes a mix of stocks and bonds. The methods and models disclosed relate to an asset-allocation model. Hammer further discloses the methods and models therein relate to securities (See Hammer, page 195). Accordingly, Hammer discloses a number of asset-mix curves and an efficient frontier related to the asset-mix curves. (See Hammer, Figures 10-1 through 10-6)

Unlike Hammer, Applicant's claims relate to a financial product. Namely, the claimed financial product is a loan, lease, and an extension of credit. Applicant claims a financial product, not the asset-mix of stocks and bonds disclosed by Hammer.

Also, Hammer fails to disclose or even suggest the claimed determining whether to approve an application for the financial product based on the calculated efficient frontier between the first and second investment options. At most, Hammer discloses/suggests a method of selecting an asset allocation for a portfolio including a mix of stocks and bonds. (See Hammer, page 201)

At no point in the cited and relied upon Hammer is there any disclosure or suggestion of the claimed methods, system, and apparatus that includes determining whether to approve an application for said financial product based on said calculated efficient frontier between said first and second investment options.

In fact, Applicant notes that Hammer warns against using the methods therein for selecting an asset allocation for since the disclosed method admittedly includes, for example, a number of “drawbacks from the practical standpoint of allocation determination”. (See Hammer, page 203) Applicant submits that such a warning against using the discussed method even in the disclosed explicit context further “teaches away” from Applicant’s claimed methods, system, and apparatus.

Accordingly, Applicant respectfully requests the reconsideration and withdrawal of the rejection of claims 1 and 17 – 19 under 35 USC 103(a).

Claims 2, 3, and 5 – 8 depend from claim 1. Applicant submits that claims 2, 3, and 5 – 8 are patentable over Hammer under 35 USC 103(a) for at least depending from an allowable base claim.

Claim 6 is rejected under 35 U.S.C. 103(a) as being unpatentable over Hammer, in view of Gollinger’s and Morgan’s article “Calculation of an Efficient Frontier for a Commercial Loan Portfolio”, hereinafter Gollinger. This rejection is traversed.

Claim 6 depends from claim 1. Inasmuch as Applicant has clearly shown that Hammer fails to disclose that for which it has been acited and relied upon for disclosing, Applicant submits that claim 6 is patentable over Hammer under 35 USC 103(a) for at least depending from an allowable base claim.

## **C O N C L U S I O N**

Accordingly, Applicants respectfully request allowance of the pending claims. If any issues remain, or if the Examiner has any further suggestions for expediting allowance of the present application, the Examiner is kindly invited to contact the undersigned via telephone at (203) 972-5985.

Respectfully submitted,

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